

ORIGINAL

MEMORANDUM



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FROM: Ernest G. Johnson
Director
Utilities Division

Arizona Corporation Commission

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AZ CORP COMMISSION
DOCKET CONTROL

DATE: April 27, 2009

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RE: ARIZONA ELECTRIC POWER COOPERATIVE, INC. - REQUEST TO EXTEND
THE FILING DATE FOR ITS 2009 RATE CASE (DOCKET NOS. E-01773A-04-
0528 AND E-04100A-04-0527, DECISION NO. 68071)

In Decision No. 68071, dated August 17, 2005, the Arizona Corporation Commission ("Commission") approved the application of Arizona Electric Power Cooperative, Inc. ("AEPCO" or "Company") for a rate increase.

The Decision ordered the Company to file the following as a compliance item:

"...file a rate case six months after Sulphur Springs Valley Electric Cooperative, Inc. has completed a full calendar year as a partial requirements member, or not later than five years after the effective date of this Decision, whichever is earlier."

On January 1, 2008, Sulphur Springs Valley Electric Cooperative ("SSVEC") became a partial requirements member. Based upon this information, the required filing date for the rate case would be July 1, 2009.

On April 13, 2009, AEPCO filed a request to extend the filing date for its 2009 rate case to no later than October 1, 2009. AEPCO states in its request that additional time is necessary in order to solve a number of rate design, cost of service and purchase power and fuel adjustment clause matters associated with its four all-requirements members and its two partial-requirements members.

Staff contacted Mr. Michael Grant, attorney for AEPCO, with a recommendation to extend the filing date to March 31, 2010, using a December 31, 2009 test year. Staff is concerned that the Company's proposed October 1, 2009 filing, with a December 31, 2008 test year, would provide a stale test year.

On April 16, 2009, Mr. Grant responded to Staff's recommendation stating that AEPCO could not close its books and get the rate filing done to meet a March 31, 2010 deadline, and also stated that Mohave Electric Cooperative, Inc. and SSVEC would not want to push the filing off that far. AEPCO suggested shortening the extension request from October 1, to September 1, 2009.

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Staff is still concerned that a September 1, 2009 filing date would provide a stale test year. Staff recommends either a March 31, 2010 filing date with a December 31, 2009 test year, or the Company requested filing date of October 1, 2009, utilizing a June 30, 2009 test year. Staff further recommends that any of the comparative years utilized in the rate case filing utilize the same year end date as the test year.

EGJ:KDB:lhv

Originator: Kimberly D. Battista

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DOCKET NOS. E-01773A-04-0528 AND E-04100A-04-0527

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